

An asset manager's secret to saving time and money



In recent years, there has been a trend for asset managers to outsource key administrative functions to third-party service providers. Asset managers can reap a number of benefits by offloading these tasks to an institutional service provider that offers an outsourced middle office solution.

A large-scale CLO manager recently appointed U.S. Bank as its provider of middle office and financial reporting services. The client is one of the largest CLO managers in the world – with an extensive portfolio that includes assets across the United States and Europe.

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converted in just
six months



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A complete suite of solutions for asset managers

This large client turned to U.S. Bank to manage the following middle office services, among others:

- Cash and portfolio reconciliation
- Compliance and waterfall calculations
- Processing interest payments and paydowns
- Tracking and reconciling trades and positions
- Reviewing monthly investor reports
- Preparing data daily for portfolio manager trading
- Administration solutions

Solving for a lack of back-office infrastructure

According to Mike Oliver, vice president and business development officer at U.S. Bank Global Corporate Trust, “Managing an in-house operations team, hiring talented individuals and training staff takes a considerable amount of time, energy and money. More importantly, it pulls asset managers

away from focusing on their core business objective of managing the portfolio.”

“We possess the necessary resources and network, along with the systems and technology, to handle the asset manager’s back-office work,” adds Matt Clarkin, vice president and product manager at U.S. Bank Global Corporate Trust. He says that the U.S. Bank team can leverage industry best practices for all of its institutional clients. “We have more than 500 professionals, including specialized middle office team members, providing the operational expertise and infrastructure that asset managers require.”

Outsourcing back-office tasks is especially beneficial in high-cost locations where maintaining a large staff is expensive, such as New York City, according to Clarkin. “Outsourcing provides asset managers with cost certainty; they don’t have to worry about rising employee benefit costs or staff turnover,” he says, adding that it also eliminates key-person risk. “Operations aren’t thrown into upheaval if a key employee leaves. Outsourcing helps stabilize operations from a cost and personnel perspective.”

Automating IBOR to ABOR

“We’re also providing an integrated technology solution between our Global Corporate Trust and Global Fund Services teams,” says Adam Roston, senior vice president and head of middle office solutions at U.S. Bank Global Corporate Trust. “While accounting and tax statements aren’t required by trustees for CLOs, they are often required for overall corporate financial reporting to indicate exposure to CLOs in the consolidated financial statements.” At U.S. Bank, the connectivity is automated between the investment book of records (IBOR) and the accounting book of records (ABOR) – making it easier for clients to manage their accounts.

A big conversion effort

According to David Keys, senior vice president and co-head of relationship management and leader of middle office solutions at U.S. Bank Global Corporate Trust, the size of this client and the speed of the conversion are what make this relationship unique. “This was a big conversion effort, with a

large portfolio of CLOs converted in just six months,” Keys says.

Preparing data and reviewing reports is a huge task for this client, adds Roston. “Outsourcing their back office takes all of this off their plate and frees up a tremendous amount of resources for them,” he says. “Our automation processes, data feeds and overall reconciliation and workflows have been an ideal solution for this client and a perfect fit for their needs.”

The customized nature of the data feeds adds another level of complexity and challenge to this engagement. “We have made a big effort to ensure that the information sent to the client is customized so it can easily be accepted into their system,” says Keys. “We’re not forcing them to accept a generic solution.”

“This level of customization is something we’re accustomed to doing for our clients,” Oliver adds. “We offer a white glove approach to serving this industry.”

Meeting asset managers’ evolving needs

U.S. Bank is continually investing in future-focused products, technology and expertise to enhance client satisfaction and meet the ever-evolving needs of asset managers. To learn more about our middle office solution and how your organization could benefit, contact Michael Oliver at michaelw.oliver@usbank.com or 312.332.6927 or Michael Zak at michael.zak@usbank.com or 651.466.5070.

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